

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6744

BILL NUMBER: HB 1261

NOTE PREPARED: Jan 1, 2010

BILL AMENDED:

SUBJECT: Agricultural biomass infrastructure grants.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill changes the name of the E85 Fueling Station Grant Fund to the Agricultural Biomass Infrastructure Grant Fund. It authorizes the Department of Agriculture (ISDA) to award grants from the Agricultural Biomass Infrastructure Grant Fund for certain infrastructure used for the production or distribution of biofuels from biomass. The bill adds certain definitions. It makes changes to the definition of a qualified expense. It provides that grants for biofuels projects may be awarded for infrastructure expenses incurred after December 31, 2008. The amount of a grant for certain infrastructure used for the production or distribution of biofuels may not exceed the lesser of (1) 50% of the recipient's qualified investment; or (2) \$100,000. It makes related changes.

Effective Date: January 1, 2011.

Explanation of State Expenditures: The provisions of the bill will allow the ISDA to use money in the existing E85 Fueling Station Grant Fund to award competitive grants for infrastructure projects that use renewable energy systems to produce or distribute biofuels from agricultural-based biomass. The bill does not contain an additional appropriation. It will require no new funding.

The ISDA will need to create guidelines and increase awareness of the new grants. The bill's requirements are within the ISDA's routine administrative functions.

As of December 2009, the existing E85 Fueling Station Grant Fund had a balance of \$647,723.

ISDA was allotted \$1M to administer the E85 Fueling Station Grant Fund program. ISDA has been awarding grants and investing the unused funds. The new grants would be available January 2011; however, the grants

may be awarded for infrastructure expenses incurred after December 31, 2008.

Background. The ISDA and the Office of Energy Development administer the existing E85 Fueling Station Grant Program, which is funded through the corn checkoff (an assessment of one-half cent per bushel of corn collected by the first purchaser). Grant amounts are available up to a maximum of \$20,000 for E85 infrastructure. Grants awarded in 2008 and 2009 are listed below.

2008 Biofuels Grant Program			
Recipient	County	Award Date	Award Amount
Lassus Brothers Oil, Inc.	Huntington	3/4/2008	\$5,000
Crystal Flash Petroleum, LLC	Hamilton	5/8/2008	\$5,000
Thorntons, Inc.	Johnson	8/18/2008	\$20,000
National Oil & Gas	Allen	8/18/2008	\$18,000
Family Express Corp.	Porter	8/18/2008	\$20,000
Ethy Pump-n-Go	Jay	8/28/2008	\$20,000
Family Express Corp.	LaPorte	9/13/2008	\$20,000
Crystal Flash Petroleum, LLC	Marion	9/13/2008	\$7,850
Thorntons, Inc.	Clark	9/17/2008	\$20,000
TOTAL			\$135,850

2009 Biofuels Grant Program			
Recipient	County	Award Date	Award Amount
Family Express Corp.	Boone	6/19/09	\$ 14,000
Family Express Corp.	Porter	8/5/09	\$ 20,000
Family Express Corp.	Porter	8/5/09	\$ 20,000
City of Anderson	Madison	5/4/09	\$ 20,000
Gooch Brother's Citgo North	Clay	4/14/09	\$ 19,150
Family Express Corp.	La Porte	4/23/09	\$ 7,550
Gas America Services, Inc.	Hamilton	4/14/09	\$ 20,000
Gas America Services, Inc.	Hancock	4/14/09	\$ 20,000
Gas America Services, Inc.	Madison	4/14/09	\$ 20,000
Gas America Services, Inc.	Hendricks	4/14/09	\$ 20,000
FKG Oil company	Vanderburgh	8/19/09	\$ 20,000
National BioFuels Distribution	Marion	7/23/09	\$ 20,000
Spence/Banks Oil	Vigo	N/A	\$ 9,570
Family Express Corp.	Porter	12/9/09	\$ 20,000
North Central Co-op LLP.	Cass	12/9/09	\$ 20,000
TOTAL			\$270,270

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISDA

Local Agencies Affected:

Information Sources: Sarah Ash Simpson, JD, Director of Regulatory Affairs, ISDA, 101 W. Ohio Street, Suite 1200, Indianapolis, IN 46204, (317) 460 - 6380, sasimpson@isda.in.gov; Amy Eizinger-Ott, Administrative Officer & Grants Coordinator, ISDA.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.